



Proposed Amendments
to the
Hawaii State Plan on Aging (2004-2007)
(Relating to the Intrastate Funding Formula)

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E Loa Ke Ola
May Life Be Long

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Table of Contents

Cover Page	
Table of Contents	2
I. Introduction	3
II. Goals	4
III. Assumptions	4
IV. Application of the Definitions of Greatest Economic or Social Need	5
V. Factors and Their Definitions	5
VI. Numerical Statement	6
VII. Descriptive Statement	9
VIII. Demonstration of Allocation of Title III Funds to PSAs	9
IX. A Listing of Population, Economic, and Social Data Used	11
X. Additional Notes on the IFF and the Title III Expenditure Plan	12

I. Introduction.

This document updates Hawaii's Title III intrastate funding formula (IFF), replacing Part V (pp. 2-25) and revising Part IV (p. 21) of the *Hawaii State Plan on Aging (2004-2007)*.

The Executive Office on Aging (EOA) is the designated State agency responsible for developing an IFF to distribute Older Americans Act, as amended in 2000 (OAA) Title III funds to its planning and service areas (PSAs).

The formula was developed using OAA and Administration on Aging (AoA) instructions:

1) OAA instructs EOA on how to develop the IFF.

OAA Section 305(a)(2)(C) and (D): the State agency shall...

- ◆ (C): in consultation with area agencies, in accordance with guidelines issued by the Assistant Secretary, and using the best available data, develop and publish for review and comment a formula for distribution within the State of funds received under this title that takes into account –
 - i. the geographical distribution of older individuals in the State; and
 - ii. the distribution among PSAs of older individuals with greatest economic need and older individuals with greatest social need, with particular attention to low-income minority older individuals;
- ◆ (D): submit its formula developed under subparagraph (C) to the Assistant Secretary for approval.

OAA Section 305(d): The publication for review and comment required by paragraph (2)(C) of subsection (a) shall include –

- (1) a descriptive statement of the formula's assumptions and goals, and the application of the definitions of greatest economic or social need,
- (2) a numerical statement of the actual funding formula to be used,
- (3) a listing of the population, economic, and social data to be used for each PSA, and
- (4) a demonstration of the allocation of funds, pursuant to the funding formula, to each PSA in the State

2) AoA Program Instructions, AoA-PI-04-02 published April 2004, describe the criteria for IFF approval.

In reviewing a State's IFF, the amended Act will be used as criteria for approval or disapproval. Each State will be expected to demonstrate that the requirements in Sections 305(a)(2)(C) have been met, the criteria set forth in Sections 305(a)(2)(C)(i) and 305(a)(2)(C)(ii) have been taken into account, and the factors and weights in its formula are based upon the best available data (generally the latest census data). As required by Section 305(d) of the OAA, the IFF revision request must include a descriptive statement, a numerical statement, and a list of the data used (by PSA). The request must also include information on how the proposed formula will affect funding to each PSA.

II. Goals.

The following goals were developed for Hawaii's IFF.

- 1) Follow OAA provisions and program instructions concerning intrastate funding formula development.
- 2) Distribute funds in a fair and equitable manner.
- 3) Consider the following distributions among PSAs:
 - a) all older adults
 - b) older adults with greatest economic need
 - c) older adults with greatest social need
 - d) older adults who are low income minorities
 - e) older adults living in rural areas
- 4) Assure timely responses to the dynamic changes in population characteristics occurring among PSAs by using the best available census data, while minimizing disruption in services to older persons in need.
- 5) Ensure open, adequate, and inclusive discussion on factors and their definitions, base amounts, and weights.

III. Assumptions.

In selecting factors, the EOA made the following assumptions.

Low income: Older persons with income at or below the poverty line have difficulty meeting the costs of basic daily life and health care.

Low income minority: Many low income minority persons disproportionately experience social and economic hardship or challenges.

Disabilities: Older persons with physical and mental disabilities, whatever the causes, require a variety of support services to remain independent in their own home or in the community.

Language barriers: Many elders who are unable to speak English or speak English "not well" may have limited access to information and services and may require additional support services.

Geographic isolation: Older persons who live in rural areas are often isolated from family and friends and formal support services. In addition, isolated areas may not have the service infrastructure to provide needed support services.

IV. Application of the Definitions of Greatest Economic or Social Need.

The following are descriptions of greatest economic and social need as found in the OAA.

Greatest Economic Need (GEN):

The term “greatest economic need” means the need resulting from an income at or below the poverty line as defined by the Office of Management and Budget and adjusted by the Secretary for the U.S. Department of Health and Human Services (DHHS).

[OAA Section 102(27) and (38)]

Greatest Social Need (GSN):

The term “greatest social need” means the need caused by non-economic factors which include –

- (A) physical and mental disabilities;
- (B) language barriers; and
- (C) cultural, social, or geographical isolation, including isolation caused by racial or ethnic status, that -
 - (i) restricts the ability of an individual to perform normal daily tasks; or
 - (ii) threatens the capacity of the individual to live independently.

[OAA Section 102(28)]

V. Factors and Their Definitions.

The following factors and their definitions were chosen for Hawaii’s IFF

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Older adults (OA): Individuals age 60 years and older.

Greatest Economic Need (GEN): Older adults with income at or below the DHHS 115% poverty level.

Low Income Minority (LIM): Older adults who are either African American, American Indian or Alaskan Native, Asian, Native Hawaiian or Pacific Islander, or Hispanic and in greatest economic need.

Greatest Social Need (GSN): Older adults with the following characteristics:

Disabilities (DA): Who have one or more disability.

Language Barrier (LB): Who speak English “not well” or “not at all”.

Geographic Isolation (GI): Who live in a rural area.

Inverse Population Density (IPD): An indicator of decreased service access and associated higher costs of delivering priority services in such areas. Uses the relationship of geographic size and total population.

VI. Numerical Statement.

The following base amounts and weights were chosen for Hawaii's IFF

	Part B Supportive Services	Part C1 Congregate Meals	Part C2 Home Delivered Meals	Part D Disease Prevention and Health Promotion	Part E Caregiver Support
Base amount	\$128,758	\$75,600	\$12,375	--	--
Factors					
OA	.25	.25	.25	--	.25
GEN	.30	.30	.30	.40	.30
LIM	.20	.20	.20	.20	.20
GSN	.20	.20	.20	.40	.20
DA	(.45)	(.45)	(.45)	(.45)	(.45)
LB	(.20)	(.20)	(.20)	(.20)	(.20)
GI	(.35)	(.35)	(.35)	(.35)	(.35)
IPD	.05	.05	.05	--	.05

Weighted Proportions.

After base amounts are granted, the following formula is used to calculate the proportion of the remaining funds each PSA will receive.

Parts B, C1, C2, and E

$$\text{Weighted proportion} = .25(p_{OA}) + .30(p_{GEN}) + .20(p_{LIM}) + .20(p_{GSN}) + .05(p_{IPD})$$

Part D

$$\text{Weighted proportion} = .40(p_{GEN}) + .20(p_{LIM}) + .40(p_{GSN})$$

Where

$$p_{GSN} = .45(p_{DA}) + .20(p_{LB}) + .35(p_{GI})$$

and

p is the proportion a PSA has of a specific factor.

The following table shows the weighted proportions calculated using the data listed on page 11 of this proposal.

	PSA 1	PSA 2	PSA 3	PSA 4	TOTAL
Weighted proportions	KAEA	EAD	MCOA	HCOA	
Part B, C1, C2, E	7.0704%	64.3096%	12.0389%	16.5811%	100%
Part D	7.3031%	63.4714%	13.2453%	15.9802%	100%

Comparison with Federal FY 04.

Changes to the IFF and updates in the data source result in the following weighted proportion and funding allocation changes (assuming same funding as federal FY 2004).

	PSA 1	PSA 2	PSA 3	PSA 4	TOTAL
Weighted proportions	KAEA	EAD	MCOA	HCOA	
Part B, C1, C2, E	.0904%	-.2924%	.7609%	-.5589%	0%
Part D	.6241%	-2.2776%	1.4783%	.1762%	0%

	PSA 1	PSA 2	PSA 3	PSA 4	TOTAL
Total allocation*	KAEA	EAD	MCOA	HCOA	
Compared to FY 04	\$4,219	(\$13,932)	\$31,464	(\$21,751)	\$0
* Figures may not add to zero due to rounding.					

Transition to Proposed IFF Weighted Proportions.

Because of significant changes in PSA census data since the IFF was last modified, the EOA will implement the weighted proportion changes over a period of three (3) years. This will limit the effects new IFF changes have on PSA operations and services.

Phase-in plan.

After base grants are allocated, weighted proportions will be phased in over a three-year period.

<u>Fiscal Year</u>	<u>2005</u>	<u>2006</u>	<u>2007 and beyond:</u>
New proportions	35%	65%	100%
Old proportions	65%	35%	0%

Weighted proportions	PSA 1	PSA 2	PSA 3	PSA 4	TOTAL
FY 05	KAEA	EAD	MCOA	HCOA	
Part B, C1, C2, E	7.0116%	64.4997%	11.5443%	16.9444%	100%
Part D	6.8974%	64.9518%	12.2844%	15.8657%	100%
FY 06					
Part B, C1, C2, E	7.0338%	64.4119%	11.7726%	16.7767%	100%
Part D	7.0847%	64.2686%	12.7279%	15.9185%	100%
FY 07 and beyond					
Part B, C1, C2, E	7.0704%	64.3096%	12.0389%	16.5811%	100%
Part D	7.3031%	63.4714%	13.2453%	15.9802%	100%

Assuming the same funding as FY 2004, this phase-in plan results in the following changes to allocation.

	PSA 1	PSA 2	PSA 3	PSA 4	TOTAL
Total allocation*	KAEA	EAD	MCOA	HCOA	
FY 05	\$1,474	(\$4,874)	\$11,012	(\$7,613)	\$0
FY 06	\$2,741	(\$9,055)	\$20,452	(\$14,138)	
FY 07 and beyond	\$4,219	(\$13,932)	\$31,464	(\$21,751)	\$0
* Figures may not add to zero due to rounding.					

VII. Descriptive Statement.

Part B.

Each PSA will receive a base amount of \$128,758.

The remainder of the funds will be distributed using the weighted proportions listed on the previous page.

Part C1.

Each PSA will receive a base amount of \$75,600.

The remainder of the funds will be distributed using the weighted proportions listed on the previous page.

Part C2.

Each PSA will receive a base amount of \$12,375.

The remainder of the funds will be distributed using the weighted proportions listed on the previous page.

Part D.

All funds will be distributed using the weighted proportions listed on the previous page.

Part E.

All funds will be distributed using the weighted proportions listed on the previous page.

VIII. Demonstration of Allocation of Title III Funds to PSAs.

The following tables summarize the allocations to each PSA using the proposed IFF. The total Title III grant to the State is assumed to be the same as federal FY 2004.

FY 05*	PSA 1	PSA 2	PSA 3	PSA 4	TOTAL
	KAEA	EAD	MCOA	HCOA	
Total	\$499,424	\$2,818,816	\$683,171	\$899,022	\$4,900,433
Part B	\$212,317	\$897,411	\$266,334	\$330,687	\$1,706,749
Part C1	\$155,307	\$808,819	\$206,833	\$268,220	\$1,439,180
Part C2	\$71,349	\$554,875	\$109,473	\$154,893	\$890,590
Part D	\$7,440	\$70,056	\$13,250	\$17,113	\$107,858
Part E	\$53,012	\$487,654	\$87,281	\$128,109	\$756,056
* The sum of Parts B-E figures may not add to total figures due to rounding.					

FY 06*	PSA 1	PSA 2	PSA 3	PSA 4	TOTAL
	KAEA	EAD	MCOA	HCOA	
Total	\$500,691	\$2,814,635	\$692,611	\$892,497	\$4,900,433
Part B	\$212,640	\$896,366	\$269,054	\$328,689	\$1,706,749
Part C1	\$155,615	\$807,822	\$209,428	\$266,314	\$1,439,180
Part C2	\$71,577	\$554,137	\$111,393	\$153,482	\$890,590
Part D	\$7,641	\$69,319	\$13,728	\$17,170	\$107,858
Part E	\$53,217	\$486,990	\$89,007	\$126,841	\$756,056
* The sum of Parts B-E figures may not add to total figures due to rounding.					

FY 07 and beyond*	PSA 1	PSA 2	PSA 3	PSA 4	TOTAL
	KAEA	EAD	MCOA	HCOA	
Total	\$502,169	\$2,809,758	\$703,623	\$884,884	\$4,900,433
Part B	\$213,017	\$895,146	\$272,228	\$326,358	\$1,706,749
Part C1	\$155,975	\$806,659	\$212,456	\$264,091	\$1,439,180
Part C2	\$71,843	\$553,277	\$113,633	\$151,837	\$890,590
Part D	\$7,877	\$68,460	\$14,286	\$17,236	\$107,858
Part E	\$53,456	\$486,217	\$91,021	\$125,362	\$756,056
* The sum of Parts B-E figures may not add to total figures due to rounding.					

IX. A Listing of Population, Economic, and Social Data Used.

Data used in the Hawaii IFF.

	PSA 1	PSA 2	PSA 3	PSA 4	TOTAL
Factors	KAEA	EAD	MCOA	HCOA	
OA ^{/1}	10922	158912	20719	27258	217881
GEN ^{/2}	1383	18412	2876	3804	26474
LIM ^{/2}	1067	15538	2122	2522	21249
GSN					
DA ^{/2}	4261	60780	8006	10650	83698
LB ^{/2}	934	19414	2355	1765	24469
GI ^{/2, 3}	10992	5920	16227	18363	51502
IPD					
Total population ^{/1}	59946	896019	134139	154794	1244898
Land area (square mile) ^{/4}	622.44	599.77	1172.41	4028.02	6422.64
Population density	96	1494	114	38	194
Inverse ranking	0.39902	0.02572	0.33588	1	1.76063
/1 U.S. Census Bureau, Population Estimates Branch, July 1 2002 estimates.					
/2 U.S. Census Bureau, Census 2000 Special Tabulation, updated with 2002 60+ estimates.					
/3 A rural area is: any area that is not defined as urban. Urban areas comprise (1) urbanized areas (a central place and its adjacent densely settled territories with a combined minimum population of 50,000) and (2) an incorporated place or a census designated place with 20,000 or more inhabitants.					
/4 The State of Hawaii Data Book 2002					
* Figures may not add to totals due to rounded figures being used for this presentation. Figures used in IFF calculations are not rounded.					

X. Additional Notes on the IFF and the Title III Expenditure Plan.

State Administrative and Title VII allocations.

The amount available for IFF allocation is calculated by subtracting from the State's total Title III grant \$500,000 for the State to carry out the purposes of Title III (applying OAA Section 308(b)) and \$45,000 to conduct an effective ombudsman program under OAA Section 703(a)(9) (applying OAA Section 304(d)(1)(B)). Administrative funds for EOA will be taken from Part C1. Ombudsman funds will be taken from Part B.

Demonstration project allocations.

Pursuant to OAA Section 304(d)(1)(C), not less than \$150,000 and not more than four (4) percent of the amount allotted to the State for carrying out Part B, shall be available for conducting outreach demonstration projects under OAA Section 706. These funds shall be subtracted from the total Part B grant prior to IFF allocations to the PSAs, as demonstration projects become applicable.

Administration of Area Plans.

Not more than 10 percent of a PSA's total allocation of Parts B, C1, C2, and E funds, as determined by EOA, shall be available for paying not more than 75 percent of the cost of administration of approved area plans, in accordance with OAA Section 304(d)(1)(A).

Services for older adults residing in rural areas.

Pursuant to OAA Section 307(a)(3)(B)(i), with respect to the services for older individuals residing in rural areas, the State will spend, for each federal fiscal year, not less than the amount expended for such services for fiscal year 2000.

Methods to Increase Access by Older Individuals Who Are Native American.

The following method is no longer applicable and shall be deleted from the State Plan (Part IV, page 21).

- The State's intrastate funding formula for allocating Title III funds included factors and appropriate weights that reflect the proportion among the planning and services areas of Native Americans.